

The Cash Receipts Journal and the Cash Payments Journal

DEMONSTRATION PROBLEM

Elegant Jewelry, a retail store, sells merchandise (1) for cash, (2) on charge accounts, and (3) on bank credit cards. The store uses a sales journal, a purchases journal, a cash receipts journal, a cash payments journal, and a general journal. The store engaged in the following selected transactions:

- June 16 Sold merchandise on account to T. Morgan, sales ticket no. 1230, \$9,757, plus \$790.32 sales tax.
- 17 Sold merchandise paid by bank credit cards, \$2,271, plus \$183.95 sales tax. The bank charges 4 percent of the total sales plus sales tax.
- 18 Bought merchandise on account from Gem Central, invoice no. D109, dated June 16; \$4,542; terms 1/10, n/30; FOB shipping point, freight prepaid and added to the invoice, \$60 (total \$4,602).
- 19 Received credit memorandum no. 926 from Gem Central for merchandise return, \$529.
- 22 Paid Gem Central, their invoice no. D109, Ck. No. 5901, \$4,032.87. (\$4,542 less \$529 return and less 1 percent cash discount. $\$4,542.00 - \$529.00 = \$4,013.00$; $\$4,013.00 \times .01 = \40.13 ; $\$4,013.00 - \$40.13 = \$3,972.87$; $\$3,972.87 + \$60 \text{ freight} = \$4,032.87$.)
- 24 Bought supplies on account from Todd Company, their invoice no. 990, dated June 22; net 30 days; \$459.
- 29 Paid rent for the month, Ck. No. 5902, \$1,980.
- 30 Bought merchandise on account from The Box Company, their invoice no. 10002, dated June 29; list price \$2,950 less 40 percent trade discount; terms 2/10, n/30; FOB shipping point.
- 30 Paid freight bill to Fast Freight, Ck. No. 5903, for merchandise received from Todd Company, \$110.
- 30 Issued Ck. No. 5904 for \$258.36 to customer L.O. Sherry, for merchandise returned, \$239, plus \$19.36 sales tax.

Instructions

1. Journalize the transactions.
2. Total and rule the journals.
3. Prove the equality of the debits and the credits at the bottom of each journal.

Solution

SALES JOURNAL

	DATE	TKT. NO.	CUSTOMER'S NAME	POST. REF.	ACCOUNTS RECEIVABLE DEBIT	SALES TAX PAYABLE CREDIT	SALES CREDIT	
1	20—							1
2	June 16	1230	T. Morgan		10,547.32	790.32	9,757.00	2
3		30			10,547.32	790.32	9,757.00	3
4								4

Debits	Credits
\$10,547.32	\$ 790.32
	9,757.00
<u>\$10,547.32</u>	<u>\$10,547.32</u>

PURCHASES JOURNAL

	DATE	SUPPLIER'S NAME	INV. NO.	INV. DATE	TERMS	POST. REF.	ACCOUNTS PAYABLE CREDIT	FREIGHT IN DEBIT	PURCHASES DEBIT	
1	20—									1
2	June 18	Gem Central	D109	6/16	1/10, n/30		4,602.00	60.00	4,542.00	2
3		Todd Company	1002	6/29	2/10, n/30		1,770.00		1,770.00	3
4		30					6,372.00	60.00	6,312.00	4
5										5

Debits	Credits
\$ 60.00	\$6,372.00
6,312.00	
<u>\$6,372.00</u>	<u>\$6,372.00</u>

CASH RECEIPTS JOURNAL

	DATE	ACCOUNT CREDITED	POST. REF.	OTHER ACCOUNTS CREDIT	ACCOUNTS RECEIVABLE CREDIT	SALES CREDIT	SALES TAX PAYABLE CREDIT	CREDIT CARD EXPENSE DEBIT	CASH DEBIT	
1	20—									1
2	June 17	Sales				2,271.00	183.95	98.20	2,356.75	2
3		30				2,271.00	183.95	98.20	2,356.75	3
4										4

Debits	Credits
\$ 98.20	\$2,271.00
2,356.75	183.95
<u>\$2,454.95</u>	<u>\$2,454.95</u>

CASH PAYMENTS JOURNAL

	DATE	CK. NO.	ACCOUNT DEBITED	POST. REF.	OTHER ACCOUNTS DEBIT	ACCOUNTS PAYABLE DEBIT	PURCHASES DISCOUNTS CREDIT	CASH CREDIT	
1	20—								1
2	June	22	5901 <i>Gem Central</i>			4,073.00	40.13	4,032.87	2
3		29	5902 <i>Rent Expense</i>		1,980.00			1,980.00	3
4		30	5903 <i>Freight In</i>		110.00			110.00	4
5		30	5904 <i>Sales Returns and Allowances</i>		239.00				5
6			<i>Sales Tax Payable</i>		19.36			258.36	6
7		30			2,348.36	4,073.00	40.13	6,381.23	7
8									8

Debits
\$2,348.36
4,073.00
\$6,421.36

Credits
\$ 40.13
6,381.23
\$6,421.36

GENERAL JOURNAL

	DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	
1	20—					1
2	June	19 <i>Accounts Payable, Gem Central</i>		529.00		2
3		<i>Purchases Returns and Allowances</i>			529.00	3
4		<i>Credit memo no. 926.</i>				4
5						5
6		24 <i>Supplies</i>		459.00		6
7		<i>Accounts Payable, The Box Company</i>			459.00	7
8		<i>Packing supplies, invoice no. 990,</i>				8
9		<i>dated June 22, net 30 days.</i>				9
10						10
11						11
12						12
13						13
14						14